

DONNA LEE H. WILLIAMS
INSURANCE COMMISSIONER



841 SILVER LAKE BLVD.
DOVER, DELAWARE 19904-2465
(302) 739 - 4251
FACSIMILE (302) 739 - 5280

Department of Insurance

FORMS AND RATES BULLETIN 23

DATA REQUIREMENTS FOR FILINGS OF MANUAL RATES FOR ALL PROPERTY/CASUALTY LINES OF BUSINESS

Revised September 23, 2002

All property/casualty filings submitted to the Delaware Insurance Department must contain sufficient information to allow the Insurance Department to independently calculate rate level indications, and thoroughly review any other proposed changes. Each rate filing should contain, but not necessarily be limited to, the following data:

1. Earned Premium

Earned premiums should be reported on an actual basis and on a current rate level basis for all coverages. An explanation of the current rate level calculation should also be provided.

2. Loss & Loss Adjustment Expense

The rate level calculations should be based on at least the latest three calendar/accident years of actual incurred loss and allocated loss adjustment expense (ALAE) data. The actual incurred loss and ALAE data should then be adjusted for trend, loss development and unallocated loss adjustment expense (ULAE). All pertinent calculations and background exhibits, including explanations of the methodologies used, should be provided to the Insurance Department. Loss development triangles should be provided for both paid and incurred loss and ALAE for Delaware and countrywide, with the countrywide data including only tort states. Separate ULAE factors should be calculated for liability and physical damage coverages.

3. Permissible Loss and Loss Adjustment Expense (LAE) Ratio

The permissible loss and LAE ratio should reflect countrywide incurred annual expense and countrywide premium on a collected level for the latest three calendar years with the exception of commission and premium tax, licenses and fees provisions. Provisions for commission and premium tax, licenses and fees are to be based on Delaware experience for the latest three calendar years. The actual expenses incurred and collected premium level underlying each ratio should be provided. In addition, investment income should also be reflected in the calculation of the permissible loss and LAE ratio.

4. Investment Income

Investment income should be calculated according to the "State X" Method.

5. Rating System Changes

All changes to the present rating system should be shown separately and the premium effect for each proposed change for each coverage should be calculated. All justification for the proposed rating system changes should also be included in the filing.

6. Exceptions

If there are any exceptions from the aforementioned points, they should be described in detail in the rate filing. Data supporting these deviations should be provided. For example, if a pure premium ratemaking methodology is utilized, full supporting data should be provided.

This Bulletin shall become effective immediately and shall be applied prospectively. Prior editions of this Bulletin are rescinded as of the effective date hereof and any filing submitted prior to September 1, 2002 shall not be required to meet the requirements of this revision. Filings made after September 1, 2002 shall be revised to meet the requirements of this revision on or before October 31, 2002. All filings received after October 31, 2002 that do not conform to the data requirements of this Bulletin, shall be returned and the filer shall not be permitted to submit rate revision filings for the pertinent line of business for a period of 6 months from the date the Delaware Insurance Department returned the filing.

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NOTE: The Delaware Insurance Department assumes that the material in this Bulletin is self-explanatory. However, it recognizes that questions may arise. It is suggested that all questions be resolved prior to the submission of proposed rate changes. Questions should be submitted in writing to the Delaware Insurance Department, Attention: Rating Section, 841 Silver Lake Boulevard, Dover, Delaware 19904-2465.